HOUSE BILL No. 1081

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DIGEST OF INTRODUCED BILL

Citations Affected: IC 32-31.

Synopsis: Foreclosure of rental properties. Requires the owner of real property containing a rental unit to notify the tenants if a judgment of foreclosure is entered concerning the property, and permits a tenant to terminate a rental agreement if a judgment of foreclosure is entered against the owner. Authorizes a tenant to bring a civil action if the owner does not comply with the notice provisions, and provides that a tenant who terminates a rental agreement early in compliance with the statute does not forfeit the damage deposit. Makes other changes and conforming amendments.

Effective: July 1, 2009.

Day

January 7, 2009, read first time and referred to Committee on Judiciary.

C o p y

First Regular Session 116th General Assembly (2009)

PRINTING CODE. Amendments: Whenever an existing statute (or a section of the Indiana Constitution) is being amended, the text of the existing provision will appear in this style type, additions will appear in **this style type**, and deletions will appear in this style type.
  Additions: Whenever a new statutory provision is being enacted (or a new constitutional provision adopted), the text of the new provision will appear in **this style type**. Also, the word **NEW** will appear in that style type in the introductory clause of each SECTION that adds a new provision to the Indiana Code or the Indiana Constitution.
  Conflict reconciliation: Text in a statute in *this style type* or *this style type* reconciles conflicts between statutes enacted by the 2008 Regular Session of the General Assembly.

HOUSE BILL No. 1081

A BILL FOR AN ACT to amend the Indiana Code concerning property.

Be it enacted by the General Assembly of the State of Indiana:

1   SECTION 1. IC 32-31-3-13 IS AMENDED TO READ AS
2   FOLLOWS [EFFECTIVE JULY 1, 2009]: Sec. 13. A security deposit
3   may be used only for the following purposes:
4   (1) To reimburse the landlord for actual damages to the rental unit
5   or any ancillary facility that are not the result of ordinary wear and
6   tear.
7   (2) To pay the landlord for:
8   (A) all rent in arrearage under the rental agreement; and
9   (B) rent due for premature termination of the rental agreement
10   by the tenant. **However, this clause does not apply to a**
11   **rental agreement terminated in accordance with**
12   **IC 32-31-8-7.**
13   (3) To pay for the last payment period of a residential rental
14   agreement if a written agreement between the landlord and the
15   tenant stipulates that the security deposit will serve as the last
16   payment of rent due. **However, if a rental agreement is**
17   **terminated in accordance with IC 32-31-8-7, this subdivision**

applies only to the prorated rent due, if any.
(4) To reimburse the landlord for utility or sewer charges paid by
the landlord that are:
(A) the obligation of the tenant under the rental agreement;
and
(B) unpaid by the tenant.
SECTION 2. IC 32-31-8-1, AS AMENDED BY P.L.62-2008,
SECTION 4, IS AMENDED TO READ AS FOLLOWS [EFFECTIVE
JULY 1, 2009]: Sec. 1. (a) Except as provided in **section 7 of this**
chapter or in subsection (b), this chapter applies only to dwelling units
that are let for rent under a rental agreement entered into after June 30,
2002.
(b) This chapter does not apply to dwelling units that are let for rent
with an option to purchase under an agreement entered into before July
1, 2008.
SECTION 3. IC 32-31-8-7 IS ADDED TO THE INDIANA CODE
AS A **NEW** SECTION TO READ AS FOLLOWS [EFFECTIVE JULY
1, 2009]: **Sec. 7. (a) This section applies to rental agreements**
entered into or renewed after June 30, 2009.
(b) This section applies to real property containing one (1) or
more rental units that is the subject of a judgment of foreclosure
under IC 32-30-10-5.
(c) Not later than ten (10) days after the judgment of foreclosure
on real property described in subsection (b) is entered, the owner
of the real property shall provide each tenant with written notice
of:
(1) the judgment of foreclosure;
(2) the tenant's rights under this section; and
(3) the address and telephone number of the landlord for use
in all communications between the owner and the tenant;
by registered or certified mail.
(d) A tenant of real property described in subsection (b) has the
right to terminate the tenant's rental agreement upon written
notice delivered to the landlord identified by the owner in the
notice required under subsection (c). Termination of a rental
agreement under this subsection is effective on a date established
by the tenant, but not earlier than:
(1) ten (10) days after the tenant receives the written notice
described in subsection (c); or
(2) twenty (20) days after the date the judgment of foreclosure
is entered, if the tenant does not timely receive the written
notice described in subsection (c).

(e) A tenant who terminates a rental agreement under this
section is liable for all rent and other charges due under the rental
agreement to the effective date of termination, in an amount that
is prorated to the effective date of termination. Rent due under this
subsection is payable at the time it would have been payable under
the terms of the rental agreement being terminated.

(f) Except for the rent and other charges payable as described
in subsection (e), a tenant who terminates a rental agreement
under this section is not liable for any other rent or charges solely
because of the early termination of the rental agreement.

(g) A tenant may bring an action in any court having
jurisdiction to enforce an obligation of an owner or a landlord
under this section, or to obtain a remedy for the owner's
noncompliance. If the tenant prevails in an action brought under
this section, the tenant may recover:

(1) actual and consequential damages;

(2) reasonable attorney's fees and court costs; and

(3) reasonable relocation expenses.

(h) A waiver of this chapter by an owner or a landlord or
current or former tenant, by contract or otherwise, is void.